

PRELIMINARY Low Doc LOAN CASE FINDINGS
(Confidential)

Loan Name _____
SBA Loan Number _____ Loan Amount \$ _____
Lender Name _____
Reviewer Name _____ Review Date _____

Check any of the following that apply to this loan

- | | | |
|------------------------------------|---|--|
| <input type="checkbox"/> EPC/OC | <input type="checkbox"/> Debt Re financing | <input type="checkbox"/> Partial Rental/Residential Property |
| <input type="checkbox"/> Piggyback | <input type="checkbox"/> 90% Financing | <input type="checkbox"/> Change in Ownership |
| <input type="checkbox"/> Franchise | <input type="checkbox"/> Multiple SBA Loans | |

Use of Proceeds

_____ Inventory	_____ Working Capital	_____ Machinery/Equip
_____ Furniture/Fixtures	_____ Purchase R/E	_____ Construct R/E
_____ Debt Refinancing	_____ Leasehold Improv.	_____ Other _____
_____ Other _____	_____ Other _____	_____ Other _____

SECTION I – PROCESSING (1-37): (FORMS/ELIGIBILITY/CREDIT ANALYSIS)

SECTION II – DUE DILIGENCE (38-57): (AUTHORIZATION/CLOSING)

SECTION III - SERVICING/LIQUIDATION (58-75):

OPTIONAL FORMAT

LENDER RESPONSES TO INITIAL Low Doc FINDINGS

Loan Name _____

Instructions: During the PLP review process, Lender has the opportunity to respond to preliminary case review findings. Verbal resolution is encouraged. Lender MAY use this format for Lender convenience to make comments. **HOWEVER, USE OF WRITTEN FORMATS IS NOT REQUIRED.**

SECTION I – PROCESSING (1-37): (FORMS/ELIGIBILITY/CREDIT ANALYSIS)

SECTION II – DUE DILIGENCE (38-57): (AUTHORIZATION/CLOSING)

SECTION III - SERVICING/LIQUIDATION (58-75):

Low Doc APPLICATION FORM CHECKLIST

		<u>Complete</u>	<u>Signed</u>	<u>Dated</u>
1. SBA Form 4L, "Application for Business Loan" (Page 569).				
• Application for Low Doc Loan (Page 1 of Form 4L P. 582-5)	(1)	_____	_____	_____
2. • Lender's Application for guarantee (Page 2 Form 4L, p 582-5)				
	(2)	_____	_____	_____
• Copy of completed Low Doc Eligibility Checklist (Form 2076) (Page 569)	(2)	_____	NA	NA
3. Signed and Dated Credit Source Documents (as appropriate)	(8)	_____	_____	_____

REQUIRED ITEMS

_____ Business Financial Statements

_____ Management Resumes

_____ Credit Report(s)

AS APPLICABLE

_____ Projection with Assumptions

_____ Collateral Lists

_____ Appraisals


_____ Other (other information that maybe appropriate: environmental, lien searches)

_____ Other







_____ Other

Low Doc CHECKLIST FOR REVIEW OF LOAN AUTHORIZATION & CLOSING

1. Is the information provided on the Lender's Application, as submitted to the processing center consistent with the information contained in the loan application file (p 582-5) (37) Yes ☐ No ☐

If closing date > 1 year, complete only the items with an  in the closing section, otherwise complete all items.

Closing Date

- | | | |
|---|------|---|
| 2. Lender has properly executed the authorization.(582-1) | (39) | _____ |
| 3. If applicable, personal guaranties have been obtained (p. 580, p.582-5). | | |
| | (42) | _____  |
| 4. If required, lender has verified the borrower injection. (p. 579-580,582-5) | (43) | _____ |
| 5. If loan involved any construction, all construction conditions have been met (p.582-5). | (44) | _____ |
| 6. Lender has constructed terms of the note consistent with the authorization. (p. 582-5) | (45) | _____  |
| 7. Note has been properly executed. (p.582-5) | (46) | _____  |
| 8. Lien instruments have proper signatures. (p. 582-5) | (47) | _____  |
| 9. Real estate collateral is perfected in appropriate lien position for full amount of loan. (p.582-5, p. 95, Procedural notice 5000-698) | (48) | _____  |
| 10. Chattel property collateral is perfected in appropriate lien position. (p.80) | (49) | _____  |
| 11. For chattel property, lender obtained an itemized list containing serial # and identification numbers for all articles that has original value > \$500. (p. 146 Sub A, Chap. 6, Sec 4b, p. 582-5) | (50) | _____ |

12. Any required appraisals and environmental assessments have been obtained and meet conditions outlined in authorization and/or credit memo. (p. 582-6) (51) _____
13. All required insurance has been obtained as specified in authorization, including. (52) _____
_____ Hazard insurance in place.
_____ Life insurance in place if required and assigned to lender, with acknowledgement.
_____ Flood insurance determination made, and flood insurance obtained when necessary.
14. If IRS tax transcript(s) are necessary, (53) _____
_____ Lender has followed SBA policy to obtain IRS tax transcript(s) when applicable, and (p. 582)
_____ IRS tax transcript(s) and borrower's or seller's tax return or financial statements have been compared to verify that no substantial discrepancies exist. (p. 582)
15. Any applicable SBA Form 159(s) "Compensation Agreement for Services in Connection with Application and Loan From (or in Participation with) Small Business Administration" is in-file, complete, signed and dated. (582-5) (54) _____
16. Evidence that the loan proceeds were used for eligible business related purposes (i.e., SBA Form 1050 disbursements). For Low Doc: Repayment of existing debt to lender does not exceed 25% of loan proceeds. (p 572) (55) _____
17. Lender can provide evidence the following guaranty fee parameters have been met: (56) _____
_____ Correct amount of guaranty fee was paid. (Effective 12/22/00: For loans <= \$150,000 lender may retain 25% fee per procedural notice 5000-703)(p. 581)
_____ For loan with maturity of greater than 12 months, Guaranty fee paid within 90 days of loan approval.. (p 216).
_____ Guaranty fee paid by lender prior to reimbursement by borrower (p 218).
_____ The amount initially disbursed is substantially more than that needed to cover the guaranty fee (p173)
18. Any required stand-by agreements have been obtained and properly executed. (582-6) (57) _____ ←
19. Any other conditions, not previously covered, have been met. _____
_____ Borrower Certification (authorization receipt, current on taxes, etc)
_____ Corporate, LLC, Partnership, LLP & Trustee Documents
_____ Other Requirements
_____ Other Requirements

Low Doc CHECKLIST FOR REVIEW OF SERVICING & LIQUIDATION
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1. All insurance requirements are maintained and up-to-date. ssop 5-23/5-25, 5-27

(58) _____
2. Lender has obtained financial statements not less than annually, or in accordance with loan authorization specifications. p.582-6, ssop 6-5

(59) _____
3. All unilateral servicing actions accomplished are properly documented, and within the scope of the lender's unilateral authority (582-6).

(60) _____
4. Lender has prior written SBA approval for the following actions:

_____ Any action that would create a conflict of interest or confer any preference on the lender in collection or lien position with respect to SBA's position or the shared SBA/lender position on the guaranteed loan (582-7 SOP 50-10(4)(D), p.6-5, SOP 50 50 4A).

_____ Accept a compromise settlement for less than the full amount due of the principal loan balance (p. 582-7, SOP 50-10(4)(D), p 6-5, SOP 50 50 4 A)

_____ Sell or pledge more than 90 percent of the loan(582-7 SOP 50-10(4)(D), p.6-5, SOP 50 50 4A). (p 582-7

_____ Title Property in the name of the Agency. (p. 582-7)

_____ Acquire environmentally impaired property. (p. 582-7 SOP 50-10(4)(D), p.6-5, SOP 50 50 4A).

_____ Transfer of the loan to another lender (p. 582-7 SOP 50-10(4)(D), p.6-5, SOP 50 50 4A).

_____ Any other non-routine servicing or liquidation action.

(61) _____
5. Lender has provided notice to SBA for any of the following actions (ssop 6-4, lsop 10-11, 582-7) :

_____ Cancellation of any/all of the principal amount of loan.

_____ Change of borrower's name.

_____ Change in the interest rate on a fixed rate loan or the interest rate spread on a variable rate loan.

_____ Change in the loan maturity.

_____ Any classification of the loan into 'liquidation" (lsop 10-11).

(62) _____

6. Lender has a written liquidation plan (copy to SBA for pre-October 1, 1996 liquidations only) that includes (Isop 10-13): (63) _____
 - _____ Justification for transfer to liquidation status (Isop app a15-I).
 - _____ Cause of business breakdown & workout attempts (Isop app a15-I)
 - _____ Description of any "non-SBA" loans (Isop app a15-I).
 - _____ Listing of all obligors and guarantors (Isop app a15-I).
 - _____ Estimated fees to be incurred in liquidation (Isop app a15-I).
 - _____ General Recovery Plan (proposed process and estimated time, collateral disposition actions, environmental concerns, hazard insurance needed or in effect, significant items of missing collateral) (Isop app a15-I).
 - _____ Estimate of total recovery (Isop app a15-I).
 - _____ Estimated "care and preservation of collateral" expenses (Isop app a15-I).
 - _____ Any other significant items of the liquidation are noted.
 - _____ Loan Underwriting Criteria - Risk Management Database form included in documentation (Isop app a16-I).
7. Lender has received pre-approval of any litigation legal fees exceeding \$5,000 ssop 4-12, Isop 10-13, litigation sop for \$5,000). (64) _____
8. Lender has charged liquidation fees that are reasonable and customary for local practices (Isop 10-15). (65) _____
9. Lender has submitted in timely fashion any status reports requested by SBA. (66) _____
 - _____ Pre-Purchase requests for reports (as requested) (p 582-10)
 - _____ Post Purchase status reports (Required)
10. For acquisition of collateral, evidence that alternatives were explored prior to acquisition. (67) _____
11. Lender used current appraisal(s) to evaluate collateral prior to any recovery action. (68) _____
12. For acquisition of collateral, evidence that Lender obtained environmental review prior to acquisition. (69) _____
13. There is evidence of reasonable workout attempts prior to the commencement of liquidation (Isop 10-14). (70) _____
14. Evidence that recovery was pursued from all guarantors/obligors. (71) _____

15. If liquidation is complete, the Wrap-Up Report has been completed and submitted to SBA in a timely manner (Isop 10-18 – 10-19). (72) _____
16. Lender has prior written SBA approval for the following actions: (73) _____
- _____ Any action that would create a conflict of interest or confer any preference on the lender in collection or lien position with respect to SBA's position or the shared SBA/lender position on the guaranteed loan (p 351, ssop 6-3 & 6-4 & Isop 10-10).
- _____ Accept a compromise settlement for less than the full amount due of the principal loan balance (p 351, ssop 6-3 & 6-4 & Isop 10-10).
- _____ Sell or pledge more than 90 percent of the loan (p 351, ssop 6-3 & Isop 10-10).
- _____ Acquire environmentally impaired property (p 351, ssop 6-4 & Isop 10-10 & 10-11).
- _____ Transfer of the loan to another lender (ssop 6-4 & Isop 10-11)
- _____ Any other non-routine servicing or liquidation action.
17. Evidence that appropriate site visit(s) has been made (Isop 10-12 – 10-13). (74) _____
18. Lender has forwarded all recoveries on purchased loans within 15 days of receipt for recoveries received after December 20, 1997 (Isop p 10-15 & 10-16). (75) _____

Miscellaneous Document List (Optional)

Borrower Name: _____

Instructions: Reviewer may use this checklist to track other important loan documents that are in the credit file. This will eliminate the need to tag documents that will not have to be referenced in the future. Tag all documents where deficiencies or exceptions are noted.

_____	4506 Request (Verifications:_____)
_____	Appraisal (Property/Amts:_____)
_____	Assignment of Leases Rents
_____	Assignment of Life Ins. (Name/Amt _____)
_____	Attorney's Lien Certification
_____	Borrower's Certification/Affidavit (_____)
_____	Borrowing Resolution (Form 160)
_____	Business Insurance
_____	Business License/Permit
_____	Certificate of Good Standing
_____	Certificate of Incorporation
_____	Certificate of Occupancy
_____	Certificate of Partnership
_____	Collateral Pledge Agreement
_____	Construction (Form 601_____/Plans_____/Contract_____/Inspections_____/Retainage_____)
_____	Construction (Lien Waivers_____/Builders Risk_____/Work Comp_____/NEHRP_____)
_____	Construction (Performance Bond_____/Payment Bond_____/Bldg. Permit_____)
_____	Credit Report (Business:_____Principal:_____)
_____	Environmental Questionnaire
_____	Equipment List
_____	Evidence of Cash Injection (Amt: _____)
_____	Fictitious Name Registration
_____	Flood Insurance
_____	Flood Insurance Determination (Y / N)
_____	Franchise Eligibility Determination (SBA / In-house)
_____	FTC disclosure cover sheet (Franchise)
_____	Guaranty Agreement (Collateral Listed Y / N)
_____	Hazard Insurance _____)
_____	HUD-1 (Cash due from borrower:_____)
_____	Landlord Waiver
_____	Lease Agreement (Term_____/Amt._____/Subordinated Y / N)
_____	Life Insurance (Name/Amt._____)
_____	Mortgage or DoT / Rec'd _____)
_____	Note
_____	Partnership Agreement
_____	Phase I
_____	Phase II
_____	Sales Contract (Amount_____)
_____	Security Agreement
_____	Settlement Sheet (SBA Form 1050)
_____	Standby Agmt. (Name/Amt:_____)
_____	Subordination Agreement (Name/Amt:_____)
_____	Tax Id Number
_____	Title Policy / Date_____)
_____	UCC-1 / _____)State/ _____)County_____)
_____	UCC :Lien Search/_____)